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SUBJECT: DOL ADVISOR BRUMFIELD DISCUSSES LABOR PRIORITIES WITH HMG,
UNIONS AND EMPLOYERS

1. (SBU) Summary: William Brumfield, European Area Advisor and Foreign Service Coordinator at the Department of Labor (DOL), visited the UK to discuss labor priorities with HMG, Unions and Employers. At HMG he was told that James Purnell, the new Work and Pensions Secretary, will prioritize welfare reform. The UK has set itself an "aspirational target" for employment of 80 percent, up from current levels at approximately 72 percent. An official from the Trades Union Congress (TUC) discussed the UK labor movement's focus on the Temporary Agency Workers Directive. Unions are calling for the creation of parity between the working conditions and benefits of temporary workers and permanent employees. On Gordon Brown, Brumfield was told that while the Labour Party has seen a change in leadership, there has not been a change in substance. A meeting with the Confederation of British Industry (CBI) discussed a downturn in economic growth which has hurt public finances. However, the UK housing market is not as vulnerable as the U.S's because the UK still has a housing shortage. End Summary.

HMG Prioritizes Welfare Reform

2. (U) In a meeting at the Department for Work and Pensions (DWP) with Satish Parmar, of the International Employment and Social Policy Division, and Paul Russell, of the ILO, UN and Council of Europe team, Brumfield was told that James Purnell, the new Work and Pensions Secretary, will prioritize welfare reform. In his new position, following Peter Hain's resignation, Purnell will focus on raising the UK employment rate by getting more lone parents, disabled people, and ethnic minorities into work. Personalized employment advice and 'city strategies' will be used to increase employment amongst these groups. Incapacity benefit will also be reformed into a new Employment and Support allowance. The support allowance will go to people who have no capacity to work. The employment allowance, which will be a lower level of assistance, will go to people whose capacity for work has been assessed and who undertake mandatory activity to get back to work. The government has set itself an "aspirational target" of 80 percent employment, up from current levels at approximately 72 or 74 percent.

3. (SBU) Parmar discussed the UK's bilateral relationships. He noted that DWP has a rolling program of meetings with counterpart ministries in France and Germany. He went on to observe that, based on a recent visit from a high-level Canadian official, the UK and Canada are going to initiate a reciprocal study tour whereby a group of officials from the UK visit Canada with a "shopping list" of things that the UK is interested in seeing and vice versa. Parmar said there would be interest in introducing the same type of exchange with the U.S. DWP is also finalizing an international strategy, which now needs to be signed off by Ministers. It will identify what all parts of the department are doing in terms of international engagement. It is intended to lead to a more coherent international approach across the department.

HMG's Participation in International Labor Meetings

14. (SBU) On the OECD's LEED meeting in Venice, Parmar said that it is unlikely to be attended at the Ministerial level. The UK has not previously placed a high value on these meetings, only attending one or two at a junior level. However, the focus on addressing local problems, including money for local regeneration, is now high on the UK agenda. Caroline Flint, Minister for Employment prior to Peter Hain's resignation, had expressed an interest in attending the meeting given its focus. However, they are still waiting to see if Stephen Timms, Flint's replacement, will attend. It is highly unlikely, however, that Purnell will go.

15. (SBU) On the G8 preparatory meeting, Parmar said he will be attending on the UK side along with Liz Tillett, Deputy Director of the International, Employment and Social Policy Division. The UK is looking to agree on outcome-based employment objectives, which will be useful to persuade other European countries of the benefits of adopting policies less likely to promote benefits dependence. With regards to the Ministerial meeting, Peter Hain had agreed to attend. It is likely that Purnell will attend but they are awaiting confirmation. If he does not attend, Stephen Timms will attend in his place.

Unions Prioritize Temporary Workers,
Public Sector Pay and Open Skies Agreement

16. (SBU) Owen Tudor, Head of International Relations at the Trades Union Congress (TUC), said the Temporary Agency Workers Directive is a primary focus of the UK labor movement. The labor movement is calling for the creation of parity between the working conditions and benefits of temporary workers and permanent employees. This issue, Tudor said, is currently on Brown's desk, awaiting a decision. The issue will be focused upon by the French Presidency of the EU. By that time, Tudor opined, the EU Reform Treaty will

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have been approved (for which the government needs the employers' support) and the government will be in a position to accept the Directive.

17. (SBU) In terms of public sector pay, Tudor said that everyone knows the "money is running out". Unions acknowledge that some cuts need to be made. However, Tudor said the government's argument that staged pay awards are necessary to restrain inflationary pressure is not acceptable. Instead, HMG should argue that it's done because of public borrowing requirements.

18. (SBU) Brumfield also met with UNITE's Brendan Gold, National Secretary for Aviation (T&G section) and Paul Talbot, Assistant

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General Secretary (Amicus section). Gold's union represents the aviation sector except for pilots and air traffic controllers. Unlike most unions, their membership is growing, by about one thousand a year, on top of the 75,000 in aviation already part of the T&G or Amicus sections of the newly-merged mega union UNITE. (UNITE is the UK's largest union, with over 2 million members.) Gold is also the vice chair of the European Transport Federation and the International Transport Federation. Current priority for the ETF is a pan European agreement with low cost, but unionized European carrier EasyJet. For the ITF, it is Open Skies and "social dumping" (seeking trade advantages by exploiting workers). Gold said the key to organizing workers is to fight for local issues (a break room, better food) and signing up members. Talbot had a similar take. Unions don't want to get involved in the nitty gritty issues at the shop floor level, but that is how members are recruited.

TUC Critical of Brown's 'Dithering'

19. (SBU) Owen Tudor stressed that while the Labour Party has seen a change in leadership, there has not been a change in substance. While Brown was keen to imply that he would usher in a completely new administration, the biggest change has been one of style. Tudor

said that accusations in the press of Brown 'dithering' over decisions were accurate, that it is difficult to get him to make a decision. His long-term focus means decisions are not made quickly or easily. He said there is less Ministerial control of government business, with more done at the center, amongst Brown's close allies.

Employers Discuss Economic Environment and Temporary Workers

¶10. (SBU) Speaking for the UK employers group that attends the ILO meetings, Neil Carberry, Head of Pensions and Employment at the Confederation of British Industry (CBI), said the Brown government's policies were not much different from Blair's, but the economic environment had changed. Public finances were problematic, because economic growth had declined 17 percent in a year. The UK housing market is not as vulnerable as the U.S.'s, in Carberry's view, because the UK still has a housing shortage. Brown is under pressure to spend on programs to rein in unruly parliamentary backbenchers upset about the EU treaty, but he hasn't the money in his budget. Hence the proposal for a rise in the capital gains tax, which upset the business community and had to be abandoned. Carberry said the government was legislating but not enforcing work place rules. The pending EU vote on a Temporary Agency Workers Directive was "totemic" for the trades unions (the same term used by Tudor at the TUC). The law would give temporary workers the same employment rights as full time direct hires after a certain period on the job. The dispute is over the qualifying time period. The unions want 6 weeks, the employers (and HMG) want one year, but might accept 6 months. Both sides say it is more about rights than pay.

UK ILO Office to Be Replaced by Desk Officer in Geneva

¶11. (SBU) In a meeting with Lord Bill Brett, currently Director of the ILO Office in the UK, Brumfield was told that the UK's ILO Office is closing and that Lord Brett will end his representational role this year. The office will be replaced by a UK desk officer in Geneva. On the position of Director-General, Lord Brett believes Somavia will go for another term and will get another term. He said that Somavia has unfinished business and is likely to reform the ILO quite dramatically. Additionally, there is nothing on the horizon that will attract him away from the ILO. He said that it is highly unlikely that the ILO will introduce two-term limits (which HMG is pushing for) as it is not in the interests of either the workers or employers. On Gordon Brown, Lord Brett believes he did well to get MPs to accept a 1.9 percent pay rise. In doing so, he isolated the police. He also said that the various one day strikes will not have created much fear within the government. He said the big problem on the horizon will be pensions.

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